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MINISTRY OF FINANCE

(Department of Economic Affairs)

RESOLUTION

New Delhi, the 1st April 1953

**No. F.3(7)-B/53.**—The Government of India have had under consideration for some time the question of instituting a comprehensive enquiry into the system of taxation in this country. The last enquiry into taxation was conducted by the Indian Taxation Enquiry Committee nearly thirty years ago. Since then far-reaching changes have taken place in the country's political and economic spheres and the picture of India's public finances is very different from that in 1925. In recent years there has been a widespread demand for a fresh enquiry and although a decision in principle to have such an enquiry was taken as far back as 1946, the constitutional changes following the partition and the other pressing problems **resulting from it delayed the implementation of this decision.** The Government of India have, as announced by the Finance Minister in his Budget speech, now decided to appoint a Commission to conduct a comprehensive enquiry into taxation. The Commission will consist of

Chairman:

Dr. John Matthai.

Members:

Shri Vaikunth L. Mehta, former Finance Minister of Bombay.

Dr. V. K. R. V. Rao, Director, Delhi School of Economics, Delhi.

Shri K. R. K. Menon, Secretary to the Government of India, Ministry of Finance, New Delhi.

Shri B. Venkatappalah, I.C.S., Executive Director, Reserve Bank of India, Bombay, and

Dr. B. K. Madan, Economic Adviser, Reserve Bank of India, Bombay.

Sardar Indarjit Singh, lately Commissioner of Income-tax, Delhi, will be Secretary to the Commission.

2. The Commission may, with the approval of the Government, coopt additional members when considering specific problems.

5. The terms of reference to the Commission, which have been settled in consultation with the State Governments, are as follows:

- (1) To examine the incidence of Central, State and Local taxation on the various classes of people and in different States;
- (2) To examine the suitability of the present system of taxation—Central, State and Local—with reference to (a) the development programme of the country and the resources required for it, and (b) the objective of reducing inequalities of income and wealth;

- (3) To examine the effects of the structure and level of taxation of income on capital formation and maintenance and development of productive enterprise;
- (4) To examine the use of taxation as a fiscal instrument in dealing with inflationary or deflationary situations;
- (5) To consider other relevant matters; and
- (6) To make recommendations, in particular, with regard to (a) modifications required in the present system of taxation, and (b) fresh avenues of taxation.

4. The headquarters of the Commission will be at Bombay but the Commission will be free to visit such places as it may consider necessary for the purposes of its work. The Government of India trust that State Governments, local bodies and authorities, institutions, associations and members of the public who are interested in the subject of the Commission's enquiry will afford the Commission all the assistance in their power and will supply it with such information as it may require

M. V. RANGACHARI, Joint Secy